

Message Text

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ACTION XMB-04

INFO OCT-01 ARA-10 EUR-12 ISO-00 EB-07 COME-00 AID-05
CIAE-00 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00
OPIC-03 SP-02 LAB-04 EPG-02 SIL-01 OMB-01 STR-04
L-03 IGA-02 /077 W
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P 291710Z JUN 77
FM AMEMBASSY SANTO DOMINGO
TO SECSTATE WASHDC PRIORITY 1112
INFO AMEMBASSY MADRID
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY VIENNA
AMEMBASSY ROME

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E.O. 11652: N/A
TAGS: EFIN, ENRG, DR
SUBJECT: EXIMBANK - GODR SEEKS \$250 MILLION EUROPEAN CREDIT
FOR ELECTRIC GENERATORS

REF: STATE 146858 (NOTAL)

1. UPON RECEIPT OF REFTEL EMBOFFS SAW CDE ADMINISTRATOR CASALS
AND INQUIRED ABOUT PROPOSED SPANISH FINANCING OF \$100 MILLION IN
ELECTRIC GENERATORS. CASALS GAVE EMBOFFS COPY OF PROPOSAL WHICH
IS ALONG LINES HE TOLD EXIMBANK IN WASHINGTON, NAMELY, \$90
MILLION, APPARENTLY FOR 90 PERCENT OF COST, FINANCED BY BANCO
EXTERIOR DE ESPANA WITH APPROXIMATELY THREE-YEAR GRACE PERIOD
DURING CONSTRUCTION AND TWELVE-YEAR LOAN AT SEVEN AND ONE-HALF
PERCENT INTEREST, FOR GENERATORS FROM SPANISH SUBSIDIARY OF BROWN-
BOVARI (MAQUINISTA TERRESTRE Y MARITIMA).

2. CASALS ALSO GAVE EMBOFFS COPY OF DRAFT AGREEMENT BETWEEN CDE
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AND LAZARDS OF LONDON TO PURCHASE TWO GENERATORS
OF 120-150 MEGAWATTS EACH AND ONE HYDROELECTRIC GENERATOR OF 20
MEGAWATTS. CREDIT FOR 85 PERCENT OF \$250 MILLION WORTH OF
GENERATORS, WOULD COME FROM UK(ABOUT \$30 MILLION), AUSTRIA (ABOUT
(\$35 MILLION), FRANCE (ABOUT \$60 MILLION) AND SPAIN (\$90-\$100
MILLION). IN EACH CASE, TERMS WERE A MINIMUM OF TEN YEARS REPAY-
MENT PERIOD WITH SEVEN AND ONE-HALF PERCENT INTEREST. IN ADDITION,

"LAZARDS WILL ENDEAVOR TO ARRANGE THE REFINANCING OF THE DOWN PAYMENT IN EURODOLLAR MARKET. THE EURODOLLAR FINANCE WILL REFLECT THE MARKET CONDITIONS AT THE TIME THE FUNDS ARE REQUIRED."

3. PROPOSAL ALSO SAYS, "LAZARDS WILL ALSO ENDEAVOR TO OBTAIN THE APPROVAL OF THE CREDIT AUTHORITIES IN THE SUPPLYING COUNTRIES TO MAKE AVAILABLE, IN ADDITIONAL OFFICIALLY SUPPORTED FINANCE, A PERCENTAGE (ABOUT 10 PERCENT) OF THE CONTRACT VALUE FOR ASSOCIATED LOCAL COSTS INCURRED BY FOREIGN CONTRACTORS IN THE DOMINICAN REPUBLIC."

4. REPORTED ITALIAN GOVERNMENT OFFER MENTIONED IN REFTEL WAS NOT, RPT NOT, MADE AVAILABLE BY CASALS, APPARENTLY BECAUSE HE HAS JUST PRESENTED IT TO PRESIDENT BALAGUER.

5. DRAFT LAZARDS PROPOSAL STATES CDE INTENDS TO START DISCUSSIONS WITH SUPPLIERS IN THE VARIOUS EUROPEAN COUNTRIES WITHIN TWO WEEKS OF SIGNATURE OF AGREEMENT AND THAT SUPPLY CONTRACTS WILL BE PLACED WITH THE CHOSEN SUPPLIERS AND SUPPORTING FINANCE DOCUMENTATION SIGNED WITHIN THREE MONTHS.

6. DRAFT ALSO SAYS, "IT IS UNDERSTOOD THAT LAZARDS WILL USE THEIR BEST ENDEAVORS TO ARRANGE FOR ANY BALANCE OF THIS CREDIT, THAT IS NOT USED INITIALLY, TO BE MADE AVAILABLE FOR ADDITIONAL POWER-GENERATING PROJECTS IN THE DOMINICAN REPUBLIC, WHETHER THERMO OR HYDRO PLANTS, PROVIDED THAT THE RELEVANT CONTRACTS ARE PLACED LIMITED OFFICIAL USE

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WITHIN TWELVE MONTHS FROM THE DATE OF THIS FRAME CONTRACT."

7. COPIES OF BOTH SPANISH AND LAZARDS FINANCING PROPOSALS BEING POUCHED TO EXIMBANK, CARE OF DOUGLAS SMITH.

8. EMBASSY ALSO POUCHING 1975 CDE ANNUAL REPORT AND DECEMBER 1976 CDE GENERAL BALANCE STATEMENT.

9. CASALS APPARENTLY PLANS TO GO AHEAD WITH PURCHASE OF WESTINGHOUSE 36 MEGAWATT GENERATOR IN VIRGIN ISLANDS, BUT IS HOPING TO GET PRICE REDUCED FROM \$10.5 MILLION.

10. DECISION ON PURCHASING ABOUT \$7 MILLION WORTH OF GAS TURBINES (2) AT APPROXIMATELY 25 MEGAWATTS EACH IS STILL UNDER CONSIDERATION BY PRESIDENT BALAGUER.
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Message Attributes

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Disposition Approved on Date:
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